



## Security Council

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### Note by the President of the Security Council

At the **5403rd** meeting of the Security Council held on 29 March 2006, in connection with the item "Non-proliferation", the President of the Council made a statement on behalf of the Council (**S/PRST/2006/15**).

In the last paragraph of the statement, the Security Council "requests in 30 days a report from **the Director** General of the IAEA on the process of Iranian compliance with the steps required by the IAEA Board, to the IAEA Board of Governors and in parallel to the Security Council for its consideration".

Accordingly, the President hereby circulates the report received today from the International Atomic Energy Agency (IAEA) (see annex).



**Annex**

**Letter dated 28 April 2006 from the Director General of the International Atomic Energy Agency addressed to the President of the Security Council**

As requested in the statement by the President of the Security Council of 29 March 2006 (S/PRST/2006/15), I enclose herewith my report on the process of Iranian compliance with the steps required by the Board of Governors of the International Atomic Energy Agency in connection with the implementation of the Safeguards Agreement of the Treaty on the Non-Proliferation of Nuclear Weapons in the Islamic Republic of Iran (see enclosure).

I should be grateful if you would bring the present letter and its annex to the attention of all members of the Security Council.

*(Signed)* Mohamed ElBaradei

## Enclosure

# Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran

### *Report by the Director General*

1. On 4 February 2006, the Board of Governors adopted a resolution (**GOV/2006/14**) in paragraph 1 of which it, inter alia, underlined that outstanding questions concerning the implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran<sup>1</sup>(**Iran**) could best be resolved and confidence built in the exclusively peaceful nature of Iran's nuclear programme by Iran responding positively to the Board's calls for confidence building measures. In this context, the Board deemed it necessary for **Iran** to:

re-establish full and sustained suspension of all enrichment related and reprocessing activities, including research and development, to be verified by the Agency;

- reconsider the construction of a research reactor moderated by heavy water;
- **ratify** promptly and implement in full the Additional **Protocol**;
- pending ratification, continue to act in accordance with the provisions of the Additional Protocol which Iran signed on 18 December 2003;
- implement transparency measures, as requested by the Director General, including in **GOV/2005/67**, which extend beyond the formal requirements of the Safeguards Agreement and Additional Protocol, and include such **access** to individuals, documentation relating to procurement, dual use equipment, certain **military-owned** workshops and **research** and development as the Agency may request in support of its ongoing investigations.

2. In paragraph 2 of that **resolution**, the Board requested **the** Director General to report to the United Nations Security Council that the steps set out in paragraph 1 of the resolution were required of Iran by the Board and to report to the **Security** Council all **IAEA** reports and resolutions, as adopted, relating to this issue. In paragraph 8 of **GOV/2006/14**, the Board also requested the Director General to report on the implementation of that resolution, and previous resolutions, to the next regular session

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<sup>1</sup> INFCIRC/214.

of the Board, for its consideration, and immediately thereafter to convey, together with any resolution **from** the March Board, that report to the **Security Council**.

3. Following receipt by the Security Council of the Director General's report (**GOV/2006/15**), the President of the Security Council made a statement on behalf of the Council (reproduced in **GOV/INF/2006/7**) in which **the** Council, inter alia, called upon Iran to take the steps required by the Board of Governors, notably in the **first** operative paragraph of its resolution **GOV/2006/14**, which are essential to build confidence in the exclusively peaceful purpose of its nuclear programme and to resolve outstanding questions, and underlined, in this regard, the particular importance of re-establishing full and **sustained** suspension of all enrichment related and reprocessing activities, including research and development, to be verified by the Agency. The Security Council requested in 30 days a report from the Director General on the process of Iranian compliance with the steps required by the Board of Governors, to the Board and in parallel to the Security Council for its consideration.

4. This report is being submitted to the Board and in parallel to the Security Council. It provides an update on the developments that have taken place **since** March 2006 in **the** implementation of Iran's Safeguards Agreement, on the Agency's verification of Iran's implementation of the confidence building measures requested by the Board of Governors, and on the Agency's overall assessment in connection with the implementation of Iran's Safeguards Agreement.

## A. Developments since March 2006

5. On 13 April **2006**, at the invitation of Iran, the **Director** General and an Agency team met in Tehran with the President of the Atomic Energy Organization of Iran (AEOI), the Secretary of the Supreme National Security Council of Iran and other Iranian **officials** to discuss issues relevant to the verification of the **correctness** and completeness of Iran's declarations. The Director General urged **Iran** to accelerate substantially its cooperation with the Agency on the outstanding verification issues, and underlined the importance of Iran's implementation of the confidence building measures requested by the Board of Governors.

6. On 27 April 2006, the Director General received **from** Iran a letter of the same date in which it stated, inter alia, the following:

- "1 - Islamic Republic of **Iran** has fully cooperated with the Agency during the past three years in accordance with the NPT Comprehensive Safeguards, the Additional Protocol and even beyond the Additional Protocol which was voluntarily implemented as if it was ratified.
- "2 - Islamic Republic of Iran has granted the full and unrestricted access to nuclear facilities during the past three years in the course of around 2000 **man-day** inspections.
- "3 - All nuclear facilities and activities have been under the Agency's Safeguards.
- "4 - **Nuclear** materials have been declared to the Agency and have been accounted for.
- "5 - **Islamic** Republic of Iran is fully committed to its obligations under the NPT and the comprehensive Safeguards Agreement (**INFCIRC/153**).

"6 - Islamic Republic of **Iran** is fully prepared to continue granting the Agency's inspection in **accordance** with the Comprehensive Safeguards provided that the **Iran's** nuclear dossier will remain, in full, in the framework of the IAEA and under its safeguards, the Islamic Republic of **Iran** is prepared to resolve the remaining outstanding issues reflected in [the Director General's] report **GOV/2006/15** of 27 February 2006, in accordance with the international laws and **norms**. In this regard, **Iran** will provide a time table within next **three weeks**."

## A.1. Enrichment Programme

7. As noted in the Director General's report of 27 February 2006 (**GOV/2006/15**), the Agency has repeatedly requested Iran to provide additional information on **certain** issues related to its enrichment programme. Iran declined to discuss these **matters** at the 12–14 **February** 2006 meeting in Tehran referred to in paragraph 6 of **GOV/2006/15** on the grounds that, in its view, they were not within the scope of the Safeguards Agreement. Iran reasserted this position in a meeting which took place with Agency inspectors in Tehran on 8 April 2006. The Agency reiterated that it was essential to resolve these questions so that the Agency can verify the correctness and completeness of Iran's declarations, particularly in light of the two decades of concealed activities. The current status of these outstanding issues is as follows.

### A.1.1. Contamination

8. Although the results of the Agency's analyses to date tend, on balance, to support Iran's statement regarding the foreign origin of most of the high enriched uranium (**HEU**) contamination which **was** found at locations where Iran has declared that centrifuge components had been manufactured, used **and/or** stored, the Agency is continuing to investigate the **source(s)** of low enriched **uranium** particles, and some HEU particles, found at those **locations**.<sup>2</sup>

9. Since it will be difficult to establish a definitive conclusion with respect to the origin of all of the contamination, it is essential for the Agency to make progress in ascertaining the scope and chronology of Iran's centrifuge enrichment programme. The implementation of the Additional Protocol and Iran's **full** cooperation in this regard are essential for the Agency be able to provide the required assurance concerning the absence of **undeclared** nuclear material and activities in Iran.

### A.1.2. Acquisition of P-1 centrifuge technology

10. As noted in previous reports, the Agency was shown by **Iran** in January 2005 a copy of a handwritten **one-page** document reflecting an offer said to have been made to Iran in 1987 by a foreign **intermediary**.<sup>3</sup> In order to be able to ascertain its nature and origin, a copy of the document is needed by the Agency. However, Iran continues to decline the Agency's request for a copy of the document.

11. As previously reported, according to Iran, there were no contacts by **Iran** with the network between 1987 and mid-1993, when discussions leading to the later offer in the mid-1990s are said to

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<sup>2</sup> GOV/2006/15, paras 7–10.

<sup>3</sup> Most **recently** in GOV/2006/15, para. 11. The document related to the possible supply of: a disassembled centrifuge; drawings, specifications and calculations for a "complete plant"; and materials for 2000 centrifuge machines. The document also made reference, **inter alia**, to uranium **re-conversion** and casting capabilities. Iran has repeatedly stated that that document **was** the only remaining documentary evidence relevant to the scope and content of the 1987 offer, attributing this to the **secret** nature of the programme and the management style of the AEOI at that time. Iran has stated that no other written evidence **exists**, such as meeting minutes, administrative documents, reports, personal notebooks or the like, to substantiate its **statements** concerning that offer.

have been **initiated**.<sup>4</sup> Statements made by Iran and key members of **the** network about the events leading to the mid-1990s offer are still at variance with each other. Iran has yet to provide further clarification in this regard. Iran has also said that it is unable to provide any documentation or other **information** about the meetings that led to its acquisition of 500 sets of P-1 centrifuge components in the mid-1990s. The Agency is still awaiting clarification of the dates and contents of **the** shipments containing those components.

### **A.1.3. Acquisition of P-2 centrifuge technology**

12. As reflected in the Director General's previous report, Iran still maintains that, after having received the drawings for P-2 components in 1995, it **carried** out no work on **P-2** centrifuges until 2002, and that at no time during the intervening period did it ever discuss with **the** intermediaries the P-2 centrifuge design or the possible supply of P-2 centrifuge **components**.<sup>5</sup> Iran also continues to maintain that there were no deliveries of any centrifuge components **after** 1995.

13. In connection with the research and development (**R&D**) work on a modified P-2 design, said by Iran to have been carried out by a contracting company between early 2002 and July 2003, Iran has **confirmed** that the contractor had made enquiries about, and purchased, magnets suitable for the P-2 centrifuge design. In February 2006, Iran provided some additional clarification about the types of P-2 magnets that it had received, but maintained that only a limited number of magnets had been delivered. The Agency is still investigating this matter.

14. In mid-April 2006, there were several reports in the press about statements by high level Iranian officials concerning R&D and testing of P-2 centrifuges by Iran. The Agency has asked Iran to clarify these statements.

## **A.2. Uranium Metal**

15. The references to uranium re-conversion and casting capabilities in the one-page document mentioned in paragraph 10 above have taken on greater significance in light of the existence of the 15-page document shown to the Agency by Iran describing the procedures for the reduction of UF<sub>6</sub> to uranium metal in small quantities, and for the casting of enriched and depleted uranium metal into hemispheres<sup>6</sup>

16. As previously reported, although there is no indication about the actual use of the latter document or when it was received, its existence in Iran is a matter of concern. The Agency is aware that the intermediaries had this document, as well as other similar documents, which it has seen in other Member States. Therefore, it is essential that the Agency be able to understand the **full** scope of the offer made by the network in 1987 and to **confirm** what was obtained by Iran in connection with that offer, and when. To do so, it is necessary for the Agency to have a copy of the 15-page document, so that it can follow up further on these issues. However, Iran has continued to decline the Agency's request for a copy.

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<sup>4</sup> GOV/2006/15, para. 15.

<sup>5</sup> GOV/2006/15, para 18.

<sup>6</sup> GOV/2006/15, paras 20–22. According to Iran, the document was provided on the initiative of the intermediaries, and not at the request of the AEOL. The document is currently under Agency seal.

### A.3. Plutonium Experiments

17. As indicated **earlier**, the Agency has been following up with Iran **information provided** by Iran concerning experiments involving the separation of small (milligram) quantities of **plutonium**.<sup>7</sup> After having received Iran's **further** clarifications on 15 February 2006, and the results of additional sample analyses which **confirmed** the Agency's earlier findings, the Agency provided Iran on 30 March 2006 with an updated summary of its overall analysis of this issue. On 10 April 2006, the Agency met with Iranian officials to seek **further** explanations concerning the inconsistencies identified in that analysis. Following that meeting, in a letter dated 17 April 2006, **Iran reaffirmed** its previous explanations of the inconsistencies. In the light of the Agency's findings, the Agency cannot exclude the possibility — notwithstanding the explanations provided by Iran — that the plutonium **analysed** by the Agency was derived from **source(s)** other than the ones declared by Iran.

### A.4. Heavy Water Research Reactor

18. On 22 April 2006, the Agency visited the Iran Nuclear **Research Reactor (IR-40)** at Arak to carry out design **information** verification and **confirmed** that the civil engineering **work** was still ongoing.

### A.5. Other Implementation Issues

19. There are no new developments to report with respect to Iran's uranium mining activities.<sup>8</sup>

20. There are also no new developments to report with respect to Iran's experiment involving **polonium**.<sup>9</sup>

21. On 9–11 April 2006, the Agency discussed with Iran the routine safeguards measures to be implemented at the Uranium Conversion Facility (UCF) at **Esfahan** and the Pilot Fuel Enrichment Plant (PFEP) at **Natanz**. When fully implemented, the measures **proposed** by the Agency should allow it to meet all of the safeguards objectives for these facilities. Although agreement was reached on most of the measures, Iran still has reservations about the remote transmission of encrypted safeguards data to Agency Headquarters in Vienna.

22. On 11 April 2006, the Agency visited the Fuel Enrichment Plant (FEP) at **Natanz**, and observed that civil construction was ongoing.

### A.6. Voluntary Implementation of the Additional Protocol

23. Since 5 February 2006, Iran has not been **implementing** the provisions of its Additional Protocol.

### A.7. Transparency Visits and Discussions

24. Since 2004, the Agency has repeatedly requested additional **information** and clarifications related to efforts made by the Physics Research Centre (PHRC), which had been established at Lavisan-Shian, to acquire dual use materials and equipment that could also **be** used in uranium enrichment and

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<sup>7</sup> GOV/2006/15, paras 23–26.

<sup>8</sup> GOV/2005/67, paras 26–31.

<sup>9</sup> GOV/2005/67, para. 34; GOV/2004/83, para. 84.

conversion activities." The Agency also requested interviews with the individuals **involved** in the acquisition of those **items**, including two former **Heads** of the **PHRC**.

25. As previously reported, the Agency met in February 2006 with one of the former Heads of the PHRC, who had been a university professor at a **technical** university **while** he was Head of the PHRC.<sup>11</sup> The Agency **took** environmental samples from some of the equipment said to have been procured for use by the university, the results of which are currently being assessed and discussed with Iran. Although **Iran** **agreed** to provide further clarifications in relation to efforts to procure balancing machines, mass spectrometers, magnets and fluorine handling equipment, the Agency has yet to receive such clarifications. **Further** access to the procured equipment is necessary for environmental sampling. **Iran** has continued to decline requests by the Agency to interview the other former Head of the **PHRC**.

26. In January 2006, Iran provided some clarification of its efforts in 2000 to procure some other dual use material (high strength aluminium, special steels, titanium and special oils). **Iran** agreed to provide additional information on these efforts, some of which the Agency has since received from Iran. Iran also presented **information** on its acquisition of corrosion resistant steel, valves and filters for UCF. In January 2006, environmental samples were taken **from** these latter items, the results of which are still pending.

27. As previously reported, the Deputy Director General for the Department of Safeguards met with Iranian authorities in February 2006 to discuss alleged studies related to the so-called Green Salt Project, to high explosives **testing** and to the design of a missile re-entry vehicle, all of which could have a military nuclear dimension and which appear to have administrative **interconnections**.<sup>12</sup>

28. As indicated in **GOV/2006/15**, Iran stated that the allegations with regard to the Green Salt Project "are based on false and fabricated documents so they were baseless," and that neither such a project nor such studies exist or had existed. Iran stated that all national efforts had been devoted to the **UCF** project, and that it would not make sense to develop indigenous capabilities to produce UF<sub>4</sub> when such technology had already been acquired **from** abroad. However, according to information provided earlier by Iran, the company alleged to have been associated with the Green Salt Project had been involved in procurement for UCF and in the design and construction of the Gchine uranium ore processing plant.

29. The Agency is assessing the **information** provided by Iran during these discussions concerning the Green Salt Project, as well as other information available to it. However, **Iran** has yet to address the other topics of high explosives testing and the design of a missile re-entry vehicle.

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<sup>10</sup> According to Iran, the PHRC was established at **Lavisan-Shian** in 1989. *inter alia*, to "support and provide scientific advice and services to the Ministry of Defence" (GOV/2004/60, para 43).

<sup>11</sup> Iran informed the Agency that the PHRC had **attempted** to acquire the **electric** drive equipment, the power supply equipment and the laser equipment, and had successfully purchased vacuum equipment for R&D in various departments of the university. The professor explained that his expertise and connections, as well as resources available at his office in the PHRC, had been used for the procurement of equipment for the technical university.

<sup>12</sup> GOV/2006/15, paras 38 and 39.



## A.8. Suspension

30. In a letter dated 3 January 2006, Iran informed the Agency that it had decided to resume, as from 9 January 2006, "those R&D on the peaceful nuclear energy programme which ha[d] been suspended as part of its expanded voluntary and non-legally binding suspension".<sup>13</sup>

31. In February 2006, Iran started enrichment tests at PFEP by feeding UF<sub>6</sub> gas into a single P-1 machine, and later into 10-machine and 20-machine cascades. During March 2006, a 164-machine cascade was completed, and tests of the cascade using UF<sub>6</sub> were begun. On 13 April 2006, Iran declared to the Agency that an enrichment level of 3.6% had been achieved. On 18 April 2006, the Agency took samples at PFEP, the results of which tend to confirm as of that date the enrichment level declared by Iran. On that day, UF<sub>6</sub> gas was again being fed into the 164-machine cascade, and two additional 164-machine cascades were under construction. The enrichment process at PFEP, including the feed and withdrawal stations, is covered by Agency safeguards containment and surveillance measures.

32. The current uranium conversion campaign at UCF, which was initiated in November 2005, is still ongoing and is expected to be finished in April 2006. Since September 2005, approximately 110 tonnes of UF<sub>6</sub> has been produced at UCF, all of which remains under Agency containment and surveillance.

## B. Current overall assessment<sup>14</sup>

33. All the nuclear material declared by Iran to the Agency is accounted for. Apart from the small quantities previously reported to the Board, the Agency has found no other undeclared nuclear material in Iran. However, gaps remain in the Agency's knowledge with respect to the scope and content of Iran's centrifuge programme. Because of this, and other gaps in the Agency's knowledge, including the role of the military in Iran's nuclear programme, the Agency is unable to make progress in its efforts to provide assurance about the absence of undeclared nuclear material and activities in Iran.

34. After more than three years of Agency efforts to seek clarity about all aspects of Iran's nuclear programme, the existing gaps in knowledge continue to be a matter of concern. Any progress in that regard requires full transparency and active cooperation by Iran — transparency that goes beyond the measures prescribed in the Safeguards Agreement and Additional Protocol — if the Agency is to be able to understand fully the twenty years of undeclared nuclear activities by Iran. Iran continues to facilitate the implementation of the Safeguards Agreement and had, until February 2006, acted on a voluntary basis as if the Additional Protocol were in force. Until February 2006, Iran had also agreed to some transparency measures requested by the Agency, including access to certain military sites. Additional transparency measures, including access to documentation, dual use equipment and relevant individuals, are, however, still needed for the Agency to be able to verify the scope and nature

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<sup>13</sup> GOV/INF/2006/1.

<sup>14</sup> A detailed overall assessment of Iran's nuclear programme and the Agency's efforts to verify Iran's declarations with respect to that programme was most recently provided to the Board of Governors by the Director General in February 2006. See GOV/2006/15, paras 4654.

of Iran's enrichment programme, the purpose and **use** of the dual use equipment and materials purchased by the PHRC, and the alleged studies which could have a military nuclear dimension.

35. Regrettably, these transparency measures are not yet forthcoming. With Iran's decision to cease implementing the provisions of the Additional Protocol, and to confine Agency verification to the implementation of the Safeguards Agreement, the Agency's ability to make progress in clarifying these issues, and to **confirm** the absence of undeclared nuclear material and activities, will be further **limited, and** Agency access to activities not involving nuclear material (such as research into laser isotope separation and the production of sensitive components of the nuclear fuel cycle) will be restricted.<sup>15</sup>

36. While the results of Agency safeguards activities **may** influence the **nature** and scope of the confidence building measures that the Board requests **Iran** to take, it is important to note that safeguards obligations and confidence building measures are different, distinct and not interchangeable. The implementation of confidence building measures is no substitute for the full implementation at all times of safeguards obligations. In this context, it is also important to note that the Agency's safeguards judgements and conclusions in the case of Iran, as in all other cases, are based on verifiable **information** available to the Agency, **and** are therefore, of necessity, limited to past and present nuclear activities. The Agency cannot make a judgement about, or reach a conclusion on, future compliance or intentions.

37. The Agency will pursue its investigation of all remaining outstanding issues relevant to Iran's nuclear activities, and the Director General will continue to report as appropriate.

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<sup>15</sup> In this context, it is important to **recall** that, in September 2005, the Director General **informed** the Board of Governors that certain aspects of Iran's declarations would **be** followed up as a routine safeguards implementation **matter** (particularly in **connection with** conversion activities, laser enrichment, fuel fabrication and the **heavy** water research reactor programme) (GOV/2005/67, para 43). Implicit in this **statement was** the understanding that the Agency would be able to follow up on these matters through the implementation of the Safeguards Agreement and the Additional Protocol. With **the** suspension of Iran's voluntary implementation of **the Additional** Protocol, the Agency's ability to do so will be **restricted**.